



Panhandle News

BENEWAH, BONNER, BOUNDARY, KOOTENAI & SHOSHONE COUNTIES

ECONOMIC TRENDS

Kootenai County, which comprises the Coeur d'Alene Metropolitan Statistical Area, continues to attract lots of national attention for its economic success. In its May issue, Inc. magazine rated the area the fifth fastest-growing metropolitan area in the United States, landing it near the top of the list of "boomtowns" ideal for entrepreneurs.

The magazine's cover story gave Kootenai County an even bigger boost. It described how much Buck Knives gained by moving its manufacturing business from the San Diego area to Post Falls in early 2005. Although Idaho offered only one major incentive—training grants of up to \$3,000 for each employee, Buck chose Idaho over other contenders because it offered lower operating costs and a more predictable regulatory environment. In Idaho, Buck's electric bills run about 30 percent of what the company would pay in California. Workers' compensation costs are 10 percent, and labor costs are 75 percent.

The county's attractiveness to businesses, strong economic growth and recent surges in tourists and residents have created many business opportunities. Between 2003 and 2005, the number of private-sector employers in Kootenai County grew an impressive 11.5 percent from 4,136 to 4,610 while the number of private-sector employers in the U.S. grew 4 percent. Of the 474 new businesses, 196 were in construction; 63 in professional and business services; 56 in finance, real estate and related activities; 42 in health care; 33 in restaurants; 17 in manufacturing; 16 in retail trade and 51 in a variety of other industries.

The same factors propelling business growth in Kootenai County did the same in the rest of the Panhandle. Bonner and Boundary counties saw even faster growth in the number of private-sector employers than Kootenai County and more than three times faster than the nation. Bonner County's private-sector employers increased 12.7 percent from 1,388 in 2003 to 1,564 in 2005, while Boundary County's

Panhandle Table 1: Coeur d'Alene MSA Labor Force & Employment Kootenai County

	Mar 2006*	Feb 2006	Mar 2005	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	69,330	69,170	67,610	0.2	2.5
Unemployed	2,350	2,500	2,860	-6.0	-17.8
% of Labor Force Unemployed	3.4	3.6	4.2		
Total Employment	66,980	66,670	64,750	0.5	3.4
Unadjusted					
Civilian Labor Force	67,960	68,160	66,420	-0.3	2.3
Unemployed	3,110	3,540	3,780	-12.1	-17.7
% of Labor Force Unemployed	4.6	5.2	5.7		
Total Employment	64,850	64,620	62,640	0.4	3.5
JOB BY PLACE OF WORK					
Nonfarm Payroll Jobs** - NAICS	52,380	51,530	49,860	1.6	5.1
Goods-Producing Industries	10,410	10,190	9,540	2.2	9.1
Natural Resources & Mining	390	440	370	-11.4	5.4
Construction	5,360	5,130	4,760	4.5	12.6
Manufacturing	4,660	4,620	4,410	0.9	5.7
Wood Product Manufacturing	1,140	1,130	1,000	0.9	14.0
Other Manufacturing	3,520	3,490	3,410	0.9	3.2
Service-Providing Industries	41,970	41,340	40,320	1.5	4.1
Trade, Transportation, & Utilities	9,600	9,480	9,160	1.3	4.8
Wholesale Trade	1,440	1,430	1,290	0.7	11.6
Retail Trade	7,210	7,090	6,920	1.7	4.2
Transportation, Warehousing & Utilities	950	960	950	-1.0	0.0
Information	1,000	990	1,050	1.0	-4.8
Financial Activities	2,840	2,790	2,510	1.8	13.1
Professional & Business Services	5,860	5,660	5,820	3.5	0.7
Educational & Health Services	5,540	5,530	5,240	0.2	5.7
Leisure & Hospitality	6,140	5,940	5,920	3.4	3.7
Other Services	1,480	1,480	1,380	0.0	7.2
Government Education	3,810	3,800	3,710	0.3	2.7
Government Administration	5,030	5,020	4,890	0.2	2.9
Government Tribes	670	650	640	3.1	4.7

* Preliminary estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

private-sector employers increased 12.5 percent from 360 in 2003 to 405 in 2005. Almost half of the new businesses in Bonner County were in construction. While the U.S. lost 11,966 manufacturers between 2003 and 2005, Bonner County added seven. In addition, the county added 23 finance and real estate offices, 23 new retail stores, eight health care providers, seven restaurants and 26 new businesses in other industries. Of Boundary County's 45 new businesses, 15 were in construction, and the rest were in a wide variety of industries. The two Panhandle counties with the slowest job and population growth did not experience strong business growth. The number of private-sector employers in Shoshone County stood stable at 395. Benewah County's private-sector employers grew 2.6 percent from 285 to 292 with tourism and construction responsible for most of the new businesses.

As Panhandle Table 1 on page 7 shows, in March, the Coeur d'Alene area's seasonally adjusted unemployment rate fell to 3.4 percent — the lowest rate since at least 1970. Nonfarm payroll jobs were 5.1 percent higher this March than in March 2005. Construction was the largest source of new jobs, but almost every industrial sector added jobs during the previous 12 months.

The other Panhandle counties also are enjoying relatively low unemployment. Benewah County's seasonally adjusted unemployment rate in March was 6.3 percent, tying with May 2005 for the honor of being the lowest rate since 1990. Bonner County's rate fell to 3.9 percent in March, the lowest rate since at least 1970. Its unemployment rate, which was often nearly double the U.S. unemployment rate in the 1980s and 1990s, has been lower than the national rate since June 2005. Boundary County's rate fell to 6.1 percent, its lowest rate since the closures of the CEDU schools in late March 2005. Right before the closures, Boundary County's rate had fallen to 5.3 percent — its lowest level since 1990. Shoshone County's unemployment rate, which rarely fell below 10 percent between 1982 and 2004, continued to edge down, falling to 6 percent in March.

Panhandle Table 2: Total Personal Income & Per Capita Income			
Total Personal Income <i>(in millions of dollars)</i>			
Area/County	2003	2004	Growth
Panhandle	4,349	4,720	8.5%
Benewah County	193	211	9.5%
Bonner County	837	903	7.8%
Boundary County	184	199	7.6%
Kootenai County	2,845	3,098	8.9%
Shoshone County	290	310	7.1%
State of Idaho	34,654	37,497	8.2%
United States	9,157,257	9,705,504	6.0%
Per Capita Income <i>(Total Personal Income Divided by Total Population)</i>			
Area	2003	2004	Growth
Panhandle	\$23,019	\$24,254	5.4%
Benewah County	\$21,348	\$23,378	9.5%
Bonner County	\$21,378	\$22,658	6.0%
Boundary County	\$18,127	\$19,064	5.2%
Kootenai County	\$24,194	\$25,297	4.6%
Shoshone County	\$22,322	\$24,083	7.9%
State of Idaho	\$25,330	\$26,877	6.1%
United States	\$31,484	\$33,050	5.0%

Falling unemployment has changed the Panhandle job market from an employer's market to a job seeker's market. To help local businesses fill their job openings, the Idaho Commerce & Labor office in Coeur d'Alene worked with North Idaho College and the chambers of commerce in Coeur d'Alene, Hayden, Post Falls and Rathdrum to hold the largest job fair ever in the Idaho Panhandle. The job fair, held on April 19 at the Kootenai County Fairgrounds in Coeur d'Alene, drew 120 employers and about 4,000 job seekers.

Another job fair will be held in Sandpoint on June 1. The Idaho Commerce & Labor office in Sandpoint and the Greater Sandpoint Chamber of Commerce, with assistance from North Idaho College and the University of Idaho, are sponsoring the event at the Bonner County Fair Grounds. More information about the employers participating will become available over the next couple of weeks.

Income in Panhandle Counties

Low unemployment rates, rapid employment growth and rising wages in the Panhandle led to rapid income growth between 2003 and 2004. Panhandle Table 2 shows growth of total personal income and per capita income between 2003 and 2004 in the five Panhandle counties, based on income statistics recently released by the U.S. Bureau of Economic Analysis. All five Panhandle counties enjoyed faster personal income growth than the United States, and only Kootenai County had slower per capita income growth.

Personal income is all income going to individuals as opposed to governments or corporations. About half of total personal income comes from wages and salaries paid to local residents; the rest comes from other labor income; earnings of business proprietors; retirement income; dividend, interest and rental payments to local residents; and transfer payments such as Social Security or unemployment insurance compensation. Per capita income, which is the most commonly used measure of counties' economic well-being, is total personal income divided by total population — every man, woman and child.

Has the Panhandle's surge in personal income continued since 2004? Evidence suggests that it has. Wages and salaries make up about half of personal income, so the strong growth in wages and salaries for jobs covered by unemployment insurance in the Panhandle between 2004 and 2005, shown in Panhandle Table 3 on page 9, suggests that Panhandle incomes continued to rise rapidly. Boundary County may be the only Panhandle county that did not experience strong growth between 2004 and 2005 as total wages and salaries fell following the closures of the CEDU schools. On the other hand, its neighbor, Bonner County, probably experienced an especially strong surge in income growth because wages and salaries grew even faster between 2004 and 2005 than the year before. Shoshone County's rapid wage growth — along with the effect of high silver prices on proprietors' income and dividends on mining stocks — suggests that its income surged in 2005 and continues to surge in 2006.

Panhandle Table 4 on page 9 shows the percentage of total personal income coming from wages and salaries; proprietors' income; dividends, rent and interest; retirement

Panhandle Table 3: Growth Rates of Total Wages & Salaries for Jobs Covered by Unemployment Insurance

Area	Growth 2003-2004	Growth* 2004-2005
Panhandle	11.2%	10.3%
Benewah County	8.9%	7.3%
Bonner County	10.4%	15.9%
Boundary County	10.2%	-4.5%
Kootenai County	12.0%	10.1%
Shoshone County	7.8%	11.0%
State of Idaho	7.0%	8.0%
United States	5.4%	5.9%

**2004-2005 growth is based on the growth between the first three quarters of 2004 and the first three quarters of 2005*

income; income maintenance and unemployment insurance; and other sources. What may be of most interest is the role retirement income plays in the five Panhandle counties. In all five, retirement income makes up a larger percentage of income than in the nation. Kootenai County's percentage is the smallest of the five, however, raising questions about the view of so many outsider observers that the county only is a retirement community as opposed to the vibrant diversified economy that it is. A significant portion of the dividends, interest and rent payments received by Panhandle residents presumably also accrue to retirees.

AREA DEVELOPMENTS

Benewah County

- The last issue of Idaho Employment mentioned that four large housing developments are proposed for Plummer, a city of nearly 1,000 residents. The city says it cannot accommodate those developments until it expands its sewer system, which is operating at full capacity. The earliest possible date for expansion would be the spring of 2007. The city expects to build a new treatment plant on 10 acres north of the current lagoons. The new plant would replace the existing one, built in 1980. The city is seeking a grant to supplement a \$2 million revenue bond approved by voters in 2003. In addition, the city currently is evaluating the capacity

of its water system. Concerns about sewer and water capacity currently are affecting many Panhandle communities' abilities to accommodate new population and business growth.

Boundary County

- Mike Higgins recently returned to his hometown of Bonners Ferry to open the Ming Center on Main Street, where he offers Kung Fu martial arts classes and other instructors offer classes in yoga and Feldenkrais, which uses gentle movement and directed attention to improve movement and enhance human functioning. Higgins expects that Tai Chi and tumbling classes also will be offered in the near future.

Kootenai County

- The Salvation Army announced May 1 that Coeur d'Alene is one of six cities in the West — and 30 nationwide — to receive a Kroc community center. The Salvation Army will own and operate the centers, which were made possible by a \$1.5 billion gift from Joan Kroc, widow of McDonald's founder Ray Kroc. The project includes \$32.5 million for construction of the building and another \$32.5 million to fund an endowment to offset operating expenses. Ground may be broken as early as next spring on a 109,000-square-foot facility on 12 acres. The Kroc center probably will open 14 to 16 months after the groundbreaking. Many people are especially excited about the Kroc Center's indoor swimming pool, which will be the county's only public swimming pool. In addition, the building will include classrooms, a stage, an indoor play area, a 300-seat chapel, a lounge with computer access, a cardio-fitness center, jogging track and climbing wall. The facility is expected to be open more than 100 hours a week.
- Gozzer Ranch Golf & Lake Club, a 700-acre luxury home and golf community, is under construction on a hillside east of Highway 97 above Lake Coeur d'Alene. According to its developer, Discovery Land Co., the community will include an 18-hole golf course in 2007, four ponds for swimming and skating, 345 homes, 35 cabins and 40 cottages. Discovery owns the Arrow Point Marina, where it recently added Eddie's Bar and Grill, a 4,600-square-foot restaurant. Many residents

Panhandle Table 4: Source of Total Personal Income

	Wages & Salaries	Proprietors' Income	Dividends, Interest & Rent	Retirement Income	Welfare & Unemp. Ins.	Other Income
Panhandle	45.0%	8.8%	16.8%	17.5%	1.4%	9.8%
Benewah County	51.4%	7.5%	14.4%	21.9%	1.7%	2.1%
Bonner County	41.5%	10.1%	20.8%	17.6%	1.4%	8.0%
Boundary County	49.9%	8.8%	15.1%	21.5%	2.0%	1.8%
Kootenai County	45.9%	8.7%	16.0%	16.1%	1.2%	11.6%
Shoshone County	38.2%	7.2%	16.8%	25.5%	2.4%	7.6%
State of Idaho	50.3%	12.3%	16.3%	13.5%	1.2%	6.0%
United States	55.5%	9.2%	15.8%	12.9%	1.5%	4.8%

will reach their homes from the Coeur d'Alene city boat dock, which is only 10 minutes by boat from Arrow Point. In 2005, Discovery purchased additional property at Squaw Bay, where it plans to break ground on an 80-slip marina, a convenience store and condominiums next year. This summer, the development's first store, Huttons, a 1950s themed store, will open.

- The Carnival cruise line recently awarded a large contract to the Digital Color Print Center in Coeur d'Alene. Under the contract, the center will scan and reproduce 15 original acrylic paintings on canvas. Then, it will add three dimensions to the pictures using paintbrushes. It will make 3,000 copies, which will be featured throughout the new Carnival cruise ship under construction in Italy. The 10-year-old shop has earned a national reputation for the quality of its digital prints. It makes prints for more than 500 artists around the world.
- Hayden, a city of 12,000 immediately north of Coeur d'Alene, is ensuring its ability to handle projected growth by doubling the capacity of its 20-year-old sewage facility, which currently can treat up to 1.65 million gallons of wastewater a day. About 70 percent of the wastewater treated by the Hayden facility comes from Hayden residents. The rest comes from the Hayden Lake Water & Sewer District, serving the neighboring city of Hayden Lake and its 550 residents. Kootenai County also pipes wastewater there from the Coeur d'Alene Airport. Hayden will spend about \$9 million to add capacity for up to 3 million gallons a day. Currently, the city is considering seven annexation proposals that together would add more than 1,300 acres and up to 2,200 new homes to its incorporated area.
- Idaho Independent Bank, founded in Coeur d'Alene in 1993, is building its 10th branch. The new branch will be located in downtown Boise. Idaho Independent Bank employs about 80 people at its headquarters and two branches in Kootenai County.
- Coeur d'Alene continues to welcome a variety of new businesses. Sandwedges is a full-menu restaurant that recently opened in the clubhouse of the Coeur d'Alene Municipal Golf Course. Lake City Imports, the city's new auto dealership, sells high-performance luxury vehicles. Edgy clothing for style-minded women and children and an assortment of candles, lotions and other apothecary items are available at Poppy's. Rags Unique Boutique sells clothing, shoes and jewelry for women and girls.
- The Dave Smith auto dealership, Shoshone County's largest employer, recently beefed up its presence in Coeur d'Alene. The company has been operating a car lot in the city. But in recent months it spent more than \$1 million to renovate that lot and add Dave Smith Frontier Sales and Services, offering state-of-the-art repair, accessory installation and detailing services. The new shop employs about 20 people. The dealership also plans to add a truck-bed lining shop in a few months.

Shoshone County

- The South Fork Coeur d'Alene River Sewer District placed a moratorium on issuing sewer permits on Jan. 17, which could hinder economic development in most of the Silver Valley. The district serves all the communities in the Silver Valley and the heavily populated area along Interstate 90 except for Smelterville, which has its own sewer system. About 5,500 households and businesses are served by the system. The moratorium does not affect Mullan, which is served by the district's treatment plant in Mullan, while the other Silver Valley communities — Kellogg, Wallace, Pinehurst and Osburn — are served by the district's Page treatment plant, which is overloaded. The overload results from major infiltration and inflow problems in Kellogg, Wallace and Osburn, which send through storm water and other water that does not need to be processed through the Page treatment plant. The cities are working hard to reduce the problems because they want the district to keep the variance from the U.S. Environmental Protection Agency that allows it to release processed water that still contains considerable amounts of heavy metals including lead, cadmium and zinc into the South Fork of the Coeur d'Alene River. Without the variance, the district would have to spend millions of dollars to remove the heavy metals, which are the byproduct of 120 years of mining and smelting in the Silver Valley. To keep the variance, the district must show the EPA that it is making continuous improvement on infiltration and inflow problems. The moratorium does not affect projects that already have received permits for sewer access including the Wal-Mart under construction near Smelterville and the Eagle Crest condominiums and water park under construction near the Silver Mountain Resort's gondola in Kellogg. However, it does affect more recently proposed developments including a Holiday Inn Express that was considering locating next to the Wal-Mart store.
- The sewer district recently reached a tentative agreement to give sewer access to two new developments that have agreed to give the city of Kellogg \$1.1 million to fix its infiltration and inflow problems. Creekside Funding has plans for a 930-unit Silver Valley Alpine housing development on the Kellogg hillside below the gondola line. The first phase would be 106 housing units. Larabee Group plans include a 70-unit condominium complex, 117 new homes and 48 bungalows on the hillside. It also may build a Fairfield/Marriott Inn there.

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